

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 EB-08 COME-00 OMB-01
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R 201445Z JAN 78
FM AMEMBASSY BEIRUT
TO AMEMBASSY JIDDA
INFO SECSTATE WASHDC 6519
AMEMBASSY ABU DHABI
AMEMBASSY DOHA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA

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E.O. 11652: NA
TAGS: SEDU EFIN
SUBJ: AUB FINANCING: VISIT OF PRESIDENT HOELSCHER

1. AMERICAN UNIVERSITY OF BEIRUT PRESIDENT HAROLD HOELSCHER IS PLANNING VISIT TO SAUDI ARABIA FOLLOWING HIS OFFICIAL INAUGURATION FEBRUARY 22. HE WILL BE ACCOMPANIED BY CALVIN PLIMPTON, AUB BOARD PRESIDENT. PURPOSE IS TO DISCUSS POSSIBLE SAUDI ENDOWMENT FOR AUB. AUB BELIEVES THAT IN THIS, AS IN OTHER CASES, SAUDIS ARE GOING TO BE BELLWETHER AS FAR AS GULF STATES CONCERNED. IF SAUDIS DECIDE TO GIVE, OTHERS WILL FOLLOW SUIT.

2. AS SEEN FROM HERE, IT IMPORTANT THAT VISIT BE COORDINATED WITH EMBASSY JIDDA, BECAUSE WE HAVE IMPRESSION THAT EVIDENCE OF USG SUPPORT IS IMPORTANT TO SAUDIS. AS EMBASSY AWARE, USG HAS BEEN MAJOR CONTRIBUTOR TO AUB BUDGET OVER YEARS. PRESENT LEVEL OF USG CONTRIBUTION IS BETWEEN 4 AND 5 MILLION DOLLARS PER ANNUM. THERE IS CONTINUING CONGRESSIONAL
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PRESSURE, HOWEVER, TO PHASE OUT OR REDUCE THIS SUPPORT AND HOELSCHER IS ACTIVELY SEARCHING FOR ALTERNATIVE SOURCE OF FINANCE. HE HOPES TO COLLECT ENDOWMENT FUND OF \$200 REPEAT \$200 MILLION FROM VARIETY OF SOURCES, INCLUDING AMERICAN COMPANIES AND FOREIGN GOVERNMENTS. IF AN AMOUNT OF THIS MAGNITUDE COULD BE RAISED, IT WOULD ELIMINATE THE PRESENT NECESSITY OF SEEKING ANNUAL HANDOUTS. HIS GOAL

IN SAUDI ARABIA IS \$50 MILLION. HE WILL BE SEEKING LESSER AMOUNTS FROM GULF STATES. WHILE WE DO NOT KNOW WHETHER HIS GOAL IS REALISTIC, WE THINK IT VERY MUCH IN OUR INTEREST THAT AUB TAP WEALTH OF PENINSULA, WHICH IS ONLY LIKELY SOURCE OF ENOUGH MONEY TO PUT UNIVERSITY ON SELF-SUSTAINING BASIS.

3. SAUDIS IN PAST HAVE BEEN NEGATIVE TOWARDS HELPING AUB BECAUSE OF NUMBER OF RADICAL STUDENTS IT HAS PRODUCED AND GENERAL POLITICIZATION OF CAMPUS. ATMOSPHERE ON CAMPUS HAS CONSIDERABLY IMPROVED FOLLOWING LEBANESE WAR, HOWEVER, AND POLITICAL ACTIVITY SUBSTANTIALLY REDUCED. WE ASSUME THAT THIS, PLUS PASSING OF FEISAL, WHO FELT VERY STRONGLY ON SUBJECT, MAY MAKE SAUDIS MORE RECEPTIVE. WOULD BE USEFUL HAVE EMBASSY JIDDA'S VIEWS THIS REGARD.

4. (FYI: ON RECENT VISIT TO KUWAIT, HOELSCHER REPORTEDLY ESTABLISHED EFFECTIVE CONTACT WITH TALAL ABU-GHAZALEH, AN AUB ALUMNUS OPERATING SUCCESSFUL PUBLIC ACCOUNTING FIRM IN AREA WITH PRICE WATERHOUSE CONNECTIONS. ABU-GHAZALEH CAME TO BEIRUT FOR JANUARY 13 VISIT WITH LOCAL LUMINARIES AND FURTHER DISCUSSIONS. HOELSCHER ANTICIPATES GHAZALEH MAY TAKE UP AUB CUDGELS WITH OTHER ARAB STATES, INCLUDING SAUDI ARABIA, BUT THIS NOT YET CONFIRMED AND MAY MODIFY OUR SCENARIO. WE WILL KEEP YOU ADVISED AS DATE FOR HOELSCHER/PLIMPTON VISIT TO RIYADH APPROACHES. END FYI).

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5. IF GHAZALEH CONNECTION DOES NOT WORK OUT, WE WOULD APPRECIATE JIDDA'S VIEWS ON COORDINATION OF VISIT THERE. WE DO NOT KNOW HOW STAFF LIMITATIONS OR OTHER CONSIDERATIONS AFFECT ABILITY TO SUPPORT PLIMPTON AND HOELSCHER, BUT WOULD HOPE AMBASSADOR COULD RECEIVE THEM AND THAT EMBASSY COULD HELP SET UP CALLS ON LEADING SAUDIS IF ASKED TO DO SO. IN THIS CONNECTION, RAY CLOSE, WHO NOW BUSINESS CONSULTANT IN RIYADH AND RECENTLY HERE FOR AUB CONFERENCE, HAS OFFERED HIS SERVICES TO HOELSCHER TO HELP WITH VISIT. EMBASSY MAY WISH TO DISCUSS WITH HIM.
PARKER

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